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SUBJECT: MEDIA REACTION: WESTERN HEMISPHERE: PERU, PRESIDENTIAL  
ELECTION AFTERMATH; VENEZUELA, CHAVEZ'S REGIONAL INFLUENCE;  
BRAZILIAN TRADE DIPLOMACY; SAO PAULO

#### 1. "Lesser Evil"

Liberal, largest national circulation daily Folha de S. Paulo editorialized (6/6): "Alan Garcia's victory in Peru's presidential elections is the triumph of a 'lesser evil'.... His alternative, Ollanta Humala seemed far more dreadful. Humala was a retired military who participated in a military coup attempt and whose only credentials were a histrionic nationalistic discourse and Venezuelan President Hugo Chavez's support. He promised to prevent foreign companies from operating in 'strategic' sectors and wanted to industrialize the coca leaf production.... Although Garcia continues to be a populist leader, there is no reason to believe that he has not learned from the mistakes he made during his first term.... His main problem will be to find ways to reduce poverty, which affects half of the Peruvian population."

#### 2. "Chavez's Defeat in Peru"

Center-right O Estado de S. Paulo's editorial commented (6/6): "There is no doubt that the greater one defeated in the presidential elections in Colombia and Peru was Colonel Hugo Chavez. What happened in Peru showed how Hugo Chavez's interference in the local electoral process ended up in actually helping out the candidate that he did not want to see prevail.... In turn, Hugo Chavez's open interference in the electoral campaign favored Alan Garcia in the dispute, thereby forcing Ollanta Humala - who is unquestionably a Chavez's follower - to deny any link with the Venezuelan caudillo in a desperate attempt to annul the 'Chavez effect.'"

#### 3. "Mended Diplomacy"

An editorial in center-right O Estado de S. Paulo (6/6) maintained: "Colombia may become a bridge between Brazilian private companies and the US market.... President Alvaro Uribe is aware of that and is willing to attract Brazilian capital to his nation by offering the opportunities that were created by the trade agreement Colombia signed with the US.... With the FTAA jeopardized, Brasilia will be satisfied with the creation of an informal consultation system with Washington to facilitate trade between the two nations.... Last year Brazil exported more to Latin America than to the US.... An agreement like the FTAA would have provided Brazil with better conditions to face powerful competitors such as China, but the Brazilian negotiators preferred to spend their time playing Third World diplomacy.... Brazilian exports increased, but they could have increased even more if the GOB had made more promising trade agreements.... The 'victories' of Brazilian diplomacy could be

measured by President Hugo Chavez's disaggregating action and by Brasilia's weakness towards the impositions of Bolivian President Evo Morales."

McMullen